

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2015/2016

BMG 3024-CROSS CULTURAL MANAGEMENT

(All Sections / Groups)

30th May 2016
2.30PM-4.30PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **Five (5)** pages including the cover page.
2. This paper consists of two sections.
Section A: Case Study
Section B: Essay
3. Answer **ALL** questions in **Section A** and **Section B**. The distribution of the marks for each question is given.
4. Write your answers in the Answer Booklet using a pen.

Section A: Case Study (50 marks)**Answer All Questions.****Nike's CSR Challenge**

In 2005 NIKE returned to reporting on its social and environmental practices after a couple of years of silence due to legal concerns. The sports and clothing company is very important to countries such as Vietnam, where it is the largest private sector employer with more than 50,000 workers producing shoes through subcontractors. Nike's new report makes sobering reading as it describes widespread problem in Asian factories. The company said it audited hundreds of factories in 2003 and 2004 and found cases of abusive treatment in more than a quarter of its South Asian plants. For example between 25% and 50% of the factories in the region restrict access to toilets and drinking water during the workday. The same percentage of factories deny workers at least one day off in seven. In more than half of Nike's factories work more than 60 hours per week. In up to 25% workers refusing overtime were punished. Wages were below the legal minimum at up to 25% of factories.

For the first time in a major corporate report the details of all factories were published. The report was significant for this transparency and being so candid about the problems that workers for Nike still face, and therefore the challenges that remain for the management. The NGOs working on these issues know that Nike is not alone in facing such problems, indeed, they realise that the company has invested more in improving conditions than many of its competitors. Studies of voluntary corporate attempts at improving labor standards in global supply chains have suggested that they are delivering widespread improvements and instead new approaches are needed that engage governments, NGOs and local businesses.

This realization has led to a new strategy from Nike. In May Nike's Vice President of Corporate Responsibility, Hannah Jones, told delegates at the Ethical Trading Initiative (ETI) conference that, whereas the company had previously been looking into how to solve problems for themselves, now they are exploring how to create systematic change in the industry. She explained that premium brands are in a lonely leadership position because consumers are not rewarding us for investments in improved social performance in supply chains. Like other companies they have realized that the responsibility of one is to work towards the accountability of all. Consequently, one of the Nike's new corporate citizenship goals is to effect positive, systematic change in working conditions within the footwear, apparel and equipment industries. This involves the company engaging labor ministries, civil society and competitors around the world to try to raise the bar so that all companies have to attain better standards of social and environmental performance. One example is its involvement in the Multi-Fibre Agreement (MFA) Forum to help countries, unions and other plans for the consequences of the end of the MFA.

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This new strategy is beyond what many consultants, media commentators and academics currently understand. By claiming to be an advance in thinking, an article in *The Economist* in May, by the worldwide managing director of McKinsey & Company, illustrated the limits of current consulting advice. It suggested that seeking good societal relations should be seen as both good for society and good for profitability. Profits should not be seen as an end in themselves, suggested Ian Davis, but rather as a signal from society that their company is succeeding in its mission of providing something people want. However those who have experience working in this field for some years, including Nike realise that, however we may wish to talk about the compatibility of profits with people and planet, the current societal frameworks for business are not making this a reality. The implication is that we have to make this so by changing those frameworks.

The key strategic shift for Nike's management is that they no longer regard the company as a closed system. Instead they understand its future depends on the way customers, suppliers, investors, regulators and others relate to it. Their challenge is to reshape the signals being given out by those groups to itself and its competitors so that the company can open in a sustainable and just way which is also financially viable.

Nike's experience is pertinent to other companies, whose voluntary efforts are failing to address the root causes of the problems associated with their industry. Unilever for example was criticised by ActionAid for profiting from worsening conditions for workers on plantations. Falling prices have led to plantations laying off workers and wages going unpaid - a trend that has seen a consequent increase in attacks against owners and managers. Applying a systems view to the situation would suggest that Unilever reconsider how it influences the global political economy that is driving down prices for tea.

The challenge is not only one of strategy but also leadership. Traditionally analysts and educators on corporate leadership have assumed that it involves leading people towards the goal of their employer, the company. In May an article on leadership in *Conference Board Canada's Organizational Performance Review* quoted the thoughts of leaders from World War II and the Korean War. This reflects what Mark Gerzon describes as a focus on leadership within borders when what the world needs is leaders beyond borders. This means people who can see across borders created by others, such as the borders of their job and reach across such borders to engage others in dialogue and action to address systematic problems. We could call this transcending leadership which was alluded to by James McGregor Burns, in his path breaking book leadership. It is a form of leadership that transcends the boundaries of one's professional role and limits of one's own situation to engage people on collective goals. It is a form of leadership that transcends conception of self, as the individual leader identifies with ever greater wholes. It is a form of leadership that transcends the need for a single leader, by helping people to transcend their limited states of consciousness and concern and inspire them to lead.

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Perhaps the best modern example of transcending leadership is Gandhi, who aroused and elevated the hopes and demands of millions of Indians and whose life and personality were enhanced in the process. It is an irony of our times that this anti-imperialist who choose to spin his own cloth could be an inspiration for the future direction of executives in large companies sourcing clothes from factories across Asia. Gandhi called on us to understand out connectedness to all that lives and identify with ever-greater wholes. There is a lesson here for Nike and others. The apparel sector is an open system and so wider issues of trade flows, governance, media, financial markets and political impact on the potential of the sector and thus Nike to become sustainable and just. Without changes to the financial markets, Nike may find its efforts are in vain.

Source: “*Nike says time to team up*”, Journal of Corporate Citizenship, Autumn 2005, 119 p. 10(3).

Question 1

Discuss the challenges regarding corporate social responsibility that companies in the apparel industry face in its supply chains around the world. (10 Marks)

Question 2

Discuss the meaning and implications of the statement by a Nike representative that “consumers are not rewarding us for investments in improved social performance in supply chains.” (10 Marks)

Question 3

What does it mean to have an industry open-system approach to social responsibility? What parties are involved? Who are the stakeholders? (10 Marks)

Question 4

What is meant by “leadership beyond borders”? (10 Marks)

Question 5

Is it possible to have a compatibility of profits with people and plant? Whose responsibility is it to achieve that state? (10 Marks)

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Section B: Essay Questions (50 marks)**Instruction: Answer ALL FIVE (5) questions****Question 1**

Explain the four different types of Legal systems. (10 Marks)

Question 2

Explain the four types of strategic alliances. (10 Marks)

Question 3

Explain any five common criticisms of MNC subsidiary activities. (10 Marks)

Question 4

Identify and explain Hofstede's early four value dimensions. (10 Marks)

Question 5

Explain the following cultural variables in communication: (10 Marks)

1. Kinesic behaviour
2. Occulesics
3. Proxemics
4. Paralanguage
5. Material Culture

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